**Department of Veterans Affairs** **VHA DIRECTIVE 2003-044**
**Veterans Health Administration**
**Washington, DC 20420** **August 7, 2003**

# PREPARING FOR MEDICARE REMITTANCE ADVICE PROJECT SOFTWARE ENHANCEMENTS ROLLOUT

**1. PURPOSE:** This Veterans Health Administration (VHA) Directive requires facility Directors to accomplish the necessary activities to complete the successful implementation of the Medicare Remittance Advice (MRA) project ensuring that third-party payers are billed for medical expenses incurred by veterans in accordance with the veteran's eligibility category, health insurance status, and means test results.

## 2. BACKGROUND

a. **Industry Requirements.** Health care billing standards established by the Health Insurance Portability and Accountability Act (HIPAA), the Centers for Medicare and Medicaid Services (CMS) (formerly the Health Care Financing Administration (HCFA)), and other industry health care payers, require VHA to adopt industry standard procedures for ensuring that correct information is submitted when billing third-party payers.

b. **Department of Veterans Affairs (VA)-CMS Agreement.** VA has established an agreement with CMS to allow VA claims to be submitted to a Medicare Fiscal Intermediary and Carrier for the purposes of adjudication without issuing a payment. This entity, Trailblazer Health Enterprises (THE), acknowledges claims submitted by VA with a Medicare equivalent remittance advice reflecting Medicare co-insurance and deductible information. This Medicare equivalent remittance enables VA to bill the remaining liability to the secondary payer.

c. **Required Provider Information.** New Integrated Billing (IB) Software enhancements import the provider's area of specialization and credentials directly into the standardized claims transactions. Accurate and properly formatted area of specialization and credentials data in the Veterans Health Information System and Technology Architecture (VistA) New Person File are required to enable the software to function appropriately.

d. **Required Patient Information.** New IB Software performs special processing where Medicare is the primary payer and a secondary payer exists. This functionality requires that each facility populate accurate information in the VistA Insurance File for each patient. The request to the secondary payer is only generated in cases where the insurance is secondary to Medicare and MEDICARE WNR (will not reimburse) is shown on the patient's insurance file.

e. **Required Claims Analyzer Software**. A May 30, 2002, Memorandum from the Assistant Deputy Undersecretary for Health, VHA Chief Financial Officer, and VHA Chief Information Officer titled "Interface for Claims Analyzer Products" identified the need for each facility to install a claims analyzer product. This product must be installed and operational to ensure the integrity of the electronic claims.

**THIS VHA DIRECTIVE EXPIRES MAY 31, 2005**

f. **Required Electronic Data Interchange (EDI) Lockbox Software.** The EDI Lockbox Project is scheduled to be deployed in Fall 2003. This project provides patches to AR (PRCA*4.5*173) and IB (IB*2.0*135) software. The patches for the EDI Lockbox Project must be installed prior to the patches for the MRA project, as MRA builds on some of the functionality established for EDI Lockbox.

g. **Definitions**

(1) **Billable Providers.** For the purposes of this Directive, Billable Providers are defined by third-party payers as providers for which a separate professional charge can be billed and reimbursed.

(2) **Credentials.** For the purposes of this Directive, the term credentials includes information on the billable provider's degree, licensure, certification, registration, or occupational information. The DEGREE field in the VistA New Person File is the official electronic repository of the necessary provider credentials (licensure or degree), which is limited to three characters by a legislated national standard for health care EDI billing.

(3) **Area of Specialization.** For the purposes of this Directive, the term "area of specialization" refers to information on the billable provider's specialty. The IB patch for MRA is programmed to automatically feed the appropriate specialty code to THE based upon the area of specialization in the claim transaction; however, any claim transactions with an area of specialization that reflects "unknown specialty code (99)" will reject at THE.

(4) **Coordination of Benefits (COB)**. For the purposes of this Directive, COB is the transmission from VA to a health plan for the purpose of determining the relative payment responsibilities of the health plan for a specific claim. The MRA project uses the remittance advice received from Medicare to develop the COB to be sent to a secondary payer on a claim.

**3. POLICY:** It is VHA policy that third-party payers are billed for medical expenses provided to veterans in accordance with the veteran's eligibility category, health insurance status, and means test results.

**4. ACTION**

a. **Veterans Integrated Service Network (VISN).** The VISN Director is responsible for ensuring that all facilities under their direction adhere to this Directive.

b. **Facility Director**

(1) Facility Directors must accomplish the necessary activities to ensure the successful implementation of the MRA project. These necessary activities include verifying the existence of valid billing information in each VA facility's VistA system and other required steps are followed to ensure successful implementation of the software enhancements for the MRA project. These activities must be completed no later than September 30, 2003, to ensure that the

facility is prepared for the patch to IB (IB*2.0*155) and Accounts Receivable (AR) (PRCA*4.5*138) that contains the MRA functionality.

(2) The medical center Director is responsible for ensuring that:

(a) **A Local Cross-functional Process for Credentials is Established.** To ensure valid credentials, a process must be established between the offices of Human Resources, Revenue, Information Resources Management, and the staff responsible for credentialing in order to:

1. Validate credentials of billable providers, and

2. Ensure that the credentials (degree or licensure) of billable providers are updated and stored in the DEGREE field in the VistA New Person File according to the VHA standardized list and approved formats per VHA Directive 2002-056. ***NOTE:*** *Every effort to comply with definitions on credentials, education, and licensures from CMS, formerly HCFA, needs to be made before entering data in the New Person File. This helps to ensure that services are appropriately provided and billed.*

3. Ensure that staff refers to VHA Directive 2002-015, Person Class File Taxonomy, for accurate and complete assignment of person class.

(b) **A Local Cross-functional Process for Area of Specialization is Established.** To ensure valid areas of specialization, a process must be established between the Human Resources Office and the Revenue staff to ensure that valid areas of specialization (see Att. A and Att. B) are stored in the area of specialization field in the VistA New Person File for each practitioner that is a billable provider.

(c) **Insurance Information for Each Patient is Reviewed.** The Revenue staff must review the Insurance Provider information to verify that a plan is set up as MEDICARE WNR (will not reimburse) and that the insurance information for each patient (where there is a payer secondary to Medicare) has MEDICARE WNR shown in the Insurance field in VistA (see Att. C).

(d) **The Claims Analyzer Product is Installed.** Information Resources Management staff is to verify that either the Ingenix or the Quadramed claims analyzer product is installed at the facility and that it properly interfaces with VistA.

(e) **The AR patches for the EDI Lockbox are Installed.** When released, the Information Resources Management staff must install the patches for the EDI Lockbox project. ***NOTE:*** *This software is planned for release in the Fall 2003.* The patches for MRA are dependent on the EDI Lockbox software; therefore the EDI Lockbox software must be installed prior to the patches for MRA. ***NOTE:*** *If the EDI Lockbox software patches are not installed, the MRA software may not operate correctly.*

***NOTE:*** *Once the activities outlined in this directive are completed and the IB and AR patches are installed, a series of test claims will be processed for each facility before production processing will begin.*

**5. REFERENCE:** None.

**6. FOLLOW-UP RESPONSIBILITY:** The VHA Business Office (161) is responsible for the contents of this directive. Questions may be referred to 202-254-0333.

**7. RESCISSIONS:** None. This VHA Directive expires May 31, 2005.

S/ Ann Patterson for
Robert H. Roswell, M.D.
Under Secretary for Health

Attachments

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**ATTACHMENT A**

## VHA STANDARDIZED LIST OF AREAS OF SPECIALIZATION

**1. Purpose.** This attachment provides the standardized list of areas of specialization that are assigned to an unknown specialty code. The specialty code is pulled into the claim transaction based upon the provider's Area of Specialization field of the New Person File. The Area of Specialization field in the Veterans Health Information System and Technology Architecture (VistA) New Person File is the official electronic repository of the necessary provider area of specialization. Each Area of Specialization is aligned to a specialty code used by the Medicare Fiscal Intermediary, i.e., Trailblazers Heath Enterprises (THE) for processing claims. Unknown specialty codes (value of 99) will be rejected by THE and cannot be used.

**2. Action Required.** Directors must determine who is responsible for updating data into the New Person File and where the area of information is maintained, i.e., Human Resources, service and/or product line, credentialing files. Existing entries in the Area of Specialization field of the New Person File that are aligned to a specialty code of '99' must be reviewed and updated for each provider that actually provides billable services. This review and continuous maintenance is necessary to ensure that proper amounts are billed to the payers.

**3. List of Areas of Specialization Aligned to a '99' Specialty Code**

a. The following areas of specialization are aligned to an unknown Physician Specialty Code (99). These assignments need to be reviewed and if any of these areas of specialization are assigned to a billable provider, the provider must be assigned to a different area of specialization.

b. **Provider Areas of Specialization Assigned to an Unknown Specialty Code**

(1) Pharmacology, clinical;

(2) Aerospace Medicine;

(3) Pharmacotherapy;

(4) Thermography; and

(5) Supplier;

**ATTACHMENT B**

## VERIFYING PROVIDER AREAS OF SPECIALIZATION

**1. Purpose**: This attachment provides the instructions to identify the contents of the Area of Specialization field for providers. The Area of Specialization field in the Veterans Health Information System and Technology Architecture (VistA) New Person File is the official electronic repository of the provider area of specialization. Area of Specializations assigned to an Unknown Specialty Code (value of 99) will be rejected by the payer and cannot be used.

**2. Action Required**

a. Medical center staff must determine which practitioners that provide billable services have an Area of Specialization in the New Person File that is assigned to the Unknown Specialty code (99). A list of providers can be printed using the Fileman routine from the New Person File. After generating a list for each Area of Specialization assigned to the Unknown Specialty code (as identified in Att. A), the medical center staff must determine if the practitioner provides billable services. If so, the medical center staff must update the Area of Specialization field of the New Person File for that practitioner with an Area of Specialization not assigned to the Unknown Specialty Code. If a practitioner provides billable services and is not assigned to any Area of Specialization, the medical center staff needs to update the Area of Specialization field of the New Person File for that practitioner.

b. To print the list

(1) In the first field, use the first several characters of the classification you want to print (based on the information in Att. A).

(2) In the next field, use the same characters, except replace the last character with a **"Z**." ***NOTE:*** *This instructs the program to capture all individuals that fall into this classification. In the example, all active Physicians with the specialization of Anesthesiology will print.*

c. Export the list to Excel

OUTPUT FROM WHAT FILE: **NEW PERSON**//
SORT BY:NAME//**PERSON CLASS**// (multiple)
PERSON CLASS SUB-FIELD: Person Class//
START WITH Person Class: FIRST// **Phy (Case Sensitive)** ***NOTE:*** *See subparagraph 2b(1).*
GO TO Person Class:LAST// **Phz (Case Sensitive)** ***NOTE:*** *See subparagraph 2b(1).*
WITHIN Person Class, SORT BY: **PERSON CLASS**// (multiple)
PERSON CLASS SUB-FIELD: **@Expiration Date**// (Case Sensitive)
START WITH Expiration Date: FIRST// **@**
GO TO Expiration Date: LAST// **@**
WITHIN Expiration Date, SORT BY: **PERSON CLASS**// (multiple)
PERSON CLASS SUB-FIELD: **Person Class:**//
PERSON CLASS FIELD: **AREA OF SPECIALIZATION**

START WITH AREA OF SPECIALIZATION: FIRST// 99 **Anes (Case Sensitive)** ***NOTE:*** *See subparagraph 2b(1).*

GO TO AREA OF SPECIALIZATION: LAST// 99 **Anez (Case Sensitive)** ***NOTE:*** *See subparagraph 2b(1).*

WITHIN AREA OF SPECIALIZATION, SORT BY:
FIRST PRINT FIELD: **NAME**//
THEN PRINT FIELD: **PERSON CLASS**// (multiple)
THEN PRINT PERSON CLASS SUB-FIELD: **Person Class**//
THEN PRINT PERSON CLASS SUB-FIELD: **Person Class:**//
THEN PRINT PERSON CLASS FIELD: **CLASSIFICATION**//
THEN PRINT PERSON CLASS FIELD: **AREA OF SPECIALIZATION**
THEN PRINT PERSON CLASS FIELD:
THEN PRINT PERSON CLASS SUB-FIELD:
THEN PRINT FIELD:

**ATTACHMENT C**

## VHA STANDARDIZED INSURANCE INFORMATION FOR NON-REIMBURSEABLE MEDICARE

**1. Purpose.** This attachment provides the information to populate the Insurance field of the Billing Parameters File and the Patient Insurance Information File. The Insurance field in the Veterans Health Information System and Technology Architecture (VistA) Billing Parameters File is the official electronic repository of the necessary Insurance information.

**2. Action Required**. Verify that facility staff follow the guidelines outlined in Standardization of Medicare Information in VISTA for ensuring that both the Billing Parameters and the Patient Insurance file contain the correct information for the Medicare (will not reimburse) policies for both Medicare Part A and Part B. Each facility needs to ensure that the plan is set up as MEDICARE – WNR (all uppercase letters) for both Medicare Part A and Part B. Each patient that has Medicare insurance must be entered with an insurance policy as Medicare "Will Not Reimburse" Insurance Company ("MEDICARE (WNR)"). A separate policy needs to be created for Part A and Part B coverage. If a patient's Medicare insurance card displays a Hospital Insurance (Part A) effective date and a Medical Insurance (Part B) effective date, then two policies need to be created for that patient. The instructions for updating this insurance information can be found on the VHA Chief Business Office web site at http://vaww.va.gov/revenue/ under the Electronic Data Interchange menu option.